

Unit 509

Finance - Knowledge

UAN:	TBC
Level:	Level 5
Credit value:	3
GLH:	20
Relationship to Standard:	Maps to Finance element of the Organisational Performance knowledge section of the Apprenticeship Standard for Operations/Departmental Manager
Unit aim:	This unit will provide learners with a knowledge of financial management, setting and maintaining budgets and financial forecasting

Learning outcome (LO 1)

The learner will:

- 1 Understand the purpose of financial management within an organisation

Assessment criteria

The learner can:

- 1.1 Assess the importance of sound financial management practices
- 1.2 Explain the governance and compliance requirements relating to financial management

Depth

- 1.1 The range of financial management practices that are used within organisations, including:
 - Planning and policy
 - Financial controls
 - Setting budgets
 - Managing budgets
 - Internal and external audits.

The reasons why financial management practices are necessary.

How effective financial management relates to successful business performance.

- 1.2 The key aims of governance and compliance, and why this is important for effective financial management.

The main activities an organisation undertakes to satisfy governance and compliance requirements.

The functions and teams that contribute to the financial management of an organisation.

The organisational records that are established to meet the requirements of governance and compliance.

How the functions and teams work together to ensure effective financial management (eg key roles and responsibilities, processes used, hand-offs etc).

How income and expenditure is tracked on a regular basis (eg weekly, monthly, quarterly, annually).

The documents that are used for financial reporting (eg policies, accounting manuals, cash flow, balance sheet etc).

How internal and external audits are carried out to provide stakeholder assurance that financial statements are accurate.

Learning outcome (LO 2)

The learner will:

- 2 Know how to set a budget

Assessment criteria

The learner can:

- 2.1 Explain the process of setting a budget
- 2.2 Identify the information needed to set a realistic budget
- 2.3 Explain how to set contingencies within a budget
- 2.4 Analyse the factors to be taken into account to secure the support of stakeholders

Depth

- 2.1 The individuals and teams involved in setting a budget.
The steps that are involved in agreeing budgets from strategic level through to operational teams.
The types of challenges that arise when setting budgets, and how to deal with them.
How to negotiate changes to proposed budgets.
The different components that are included in a budget and why these are necessary.
- 2.2 The different types of external and internal information that is available to assist with budget planning.
How the information is used when planning a budget.
Ways to check that draft budgets are realistic prior to finalising them.
The potential consequences for the organisation if budgets are unrealistic.
- 2.3 How to recognise and minimise the potential risks to a budget.
The types of organisational contingencies that should be planned for when creating a budget.
How to assess the likelihood of potential unexpected costs, and the need to use contingencies.

- 2.4 Identify the factors important to stakeholders, what impact a budget can have on these factors and how they could secure support of stakeholders.
-

Learning outcome (LO 3)

The learner will:

- 3 Know how to manage a budget

Assessment criteria

The learner can:

- 3.1 Explain how to use a budget to control expenditure
- 3.2 Explain the actions to be taken to manage variance in a budget
- 3.3 Describe budget reporting requirements including:
- Information to be included in the report
 - How often reports are required
 - Who the reports should be sent to
-

Depth

- 3.1 How to interpret the information included in a budget.
The people and processes involved in monitoring organisational budgets against plans.
How and when to raise concerns during budget monitoring.
- 3.2 The methods that are used to monitor variance of actual financial performance against the set budget.
Potential sources of variance, and the ways that the impact of variance can be minimised.
How to learn from budget revisions, and capture key points for inclusion in future budgets.
How to agree amendments to a budget, if required.
The individuals and teams involved in authorising budget changes.
- 3.3 The content requirements, format and style of an organisation's budget report.
The frequency that budget reports are required (formal and informal).
The individuals and teams who read and use financial reports within the organisation.
-

Learning outcome (LO 4)

The learner will:

- 4 Understand methods of financial forecasting

Assessment criteria

The learner can:

- 4.1 Explain the importance of accurate financial forecasting
- 4.2 Describe the challenges in creating accurate financial forecasts

4.3 Evaluate methods of financial forecasting

Depth

- 4.1 How the key components of financial forecasting are used, including:
- Projected income statement
 - Cash budget
 - Projected balance sheet
 - Projected use of funds
 - Funding sources.
- How to use past, current and projected financial conditions to forecast.
How to forecast organisational income and expenditure.
- 4.2 How to identify, and respond to, changes in the external environment that affect financial forecasts.
- The quantitative methods involved in financial forecasting (eg rule of thumb, smoothing, decomposition, time series, causal).
- The qualitative methods that can be used for financial forecasting (eg market research, external and internal expert opinions, Delphi method etc).
- The types of internal activities that may prompt budget revisions.
- 4.3 How to review and reinforce the aspects of financial forecasting that have worked well.
How to identify aspects of forecasting that could be improved.
The ways that good forecasting practice can be captured and shared with other teams and individuals.

Supporting Information

Assessment requirements

This unit will be externally assessed through an ILM set and marked onscreen test. The onscreen test will be available on-demand.

Suggested learning resources

Further details and guidance TBC.